

ABSTRACT

A method for transacting exchanges of agricultural products provides an agricultural producer with a guaranteed level of revenue. With guaranteed revenue, the
5 producer greatly reduces the risks associated with the agriculture business, and obtains both yield and price protection. In exchange for the guaranteed level of revenue, the producer agrees to several conditions designed to provide value to the guarantor and reduce the guarantor's risk. In this manner, the guarantor and producer both benefit from practice of the method. The producer may agree to deliver all or a portion of its output,
10 for example, to an outlet specified by the guarantor. In addition, the producer may agree to purchase all or a portion of its agricultural inputs, e.g., seeds, fertilizer, and agricultural chemicals, from a source specified by the guarantor. The producer also may agree to a number of producing conditions designed to maximize yield and marketability, such as the use of particular hybrids and pesticides. Further, the producer may agree to provide
15 the guarantor with output information, such as crop growth status, to better inform the guarantor and help it manage its risk.